

## REGULAR MEETING OF THE JASPER COUNTY COUNCIL

March 15, 2016

The Jasper County Council met this date at 7:00 P.M. C.S.T. in the Commissioners' Room, Suite 202, of the Jasper County Courthouse located at 115 West Washington Street, Rensselaer, Indiana, with the following members present: Rein Bontreger, Gerrit H. DeVries, John T. Price, Gary Fritts, Stephen Jordan, Paul Norwine and Andrew Andree. Also present was Donya G. Jordan, Deputy Auditor, and Barbara Robinson, Deputy Auditor. Mr. Bontreger called the meeting to order and those present stood and recited the Pledge of Allegiance led by Andy Andree.

MINUTES: Mr. DeVries made the motion to approve the Minutes of the Regular Meeting held on February 23, 2016. Mr. Price seconded and the motion carried unanimously.

Mr. Fritts made the motion to approve the Minutes of the Special Meeting held on January 8, 2016. Mr. Jordan seconded and the motion carried unanimously.

ADDITIONAL APPROPRIATION / DONATIONS ANIMAL SHELTER FUND: Advertised in the Donations Animal Shelter Fund, Personal Services, Training was \$3,100.00. Pauline Boring, Animal Control Board, explained that there are three (3) training seminars that the Board would like to send the Animal Control Director to during the course of the year; however, the training funds within our budget are insufficient. There will also be hotel and lodging expenses. Mr. Price made the motion to approve **Additional Appropriation Ordinance No. 2016-03A** as advertised. Mr. Andree seconded and the motion carried unanimously.

RESOLUTION / INTER-FUND LOAN: Donya Jordan, Deputy Auditor, explained that there are not enough funds in the Ambulance Fund to cover two months in the spring and several months in the fall because we do not receive settlement until June and December. Resolution **No. 03-15-2016(RES)** authorizes a loan in the amount of \$350,000.00 from the Rainy Day Fund (1186) to the Ambulance Fund (1151). Pursuant to the provisions of IC 36-1-8-4, the Council directs that said loan shall be repaid by the Ambulance Fund no later than December 31, 2016. Mr. Price made the motion to approve the Resolution. Mr. Fritts seconded and the motion carried unanimously.

LOIT / DISCUSSION: The discussion began with Mr. Bontreger stating that, in order to quell any concerns or fears, he would like to ask if there was a desire from anybody to actually raise the LOIT? At this point, there was no response in favor of raising the LOIT. Mr. Bontreger explained that raising the LOIT has never been a consideration since he has been a member of the Council. If the Council were to choose to reduce the LOIT, it's not necessarily a tax cut but rather a tax shift from income to property. The other point I would like to bring up is that we have a deadline where we need to make our decision by the end of June. If at all possible, I would like to see us make the decision in May.

Andy Andree stated that our original thought was that we would like to bring the LOIT down a little bit; however, we are also aware of some of the ramifications of that. We don't want to bring the property tax up and we certainly know what the farmers are dealing with in regards to their property taxes.

John Price stated that he visited the State of Indiana Budget Department Website where you are able to review the actual distributions that have been made. According to the figures, \$2,726,102.00 more was collected in income tax that will be distributed in 2016 than was distributed in 2014. Property tax replacement and property tax relief went up almost \$1 million. You may be wondering how can this possibly be? President Reagan once said that taxes are too high. If you cut taxes and grow the tax base, you can actually end up collecting more revenue with a lighter burden on the backs of the taxpayers. Ms. Jordan mentioned that there is approximately \$3 million in a stabilization fund. We also have a CEDIT Trust Balance and a CAGIT Trust Balance. There is approximately \$11,700,000.00 in the CEDIT Trust and approximately \$1 million in the CAGIT Trust. Some of this money has been taken out by the State to pay for local roads; however, it still continues to increase about \$2 million per year. The perks of that is that if there ever was a shortfall in income tax collected, they "banked" that money to help make up for a shortfall. We still need to be careful because we don't want to cut taxes too much and get to where it is hurting our collections.

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LOIT / DISCUSSION CON'T: A real area of concern in regards to property taxes going up is the “Dark Box” property tax reductions for “Big Box” stores like Meijers. In closing, Mr. Price stated that he thinks that we can do another small reduction keeping a very close eye on what is happening with the actual collections, hopefully get some more tax base growth, actually have income tax collections go up some more and lighten the burden on taxpayers a little bit. Also, one thing that the legislature wants us to do is to impose a wheel tax and increase registration fees. I don’t think that the wheel tax is fair and I do think that Jasper County residents are already taxed too much.

Gerrit DeVries stated that his biggest interest is that he feels that the three new local option taxes that were introduced in 2007 were very poorly designed. It was so poorly designed that legislation was initiated to prevent NIPSCO from receiving any of the property tax replacement credits that were a major design flaw in LOIT B. As you may know, LOIT B takes money out of your paycheck every payday supposedly with the idea of applying dollar for dollar for your property tax; however, since there was no means of eliminating property owners who do not pay into that fund from receiving a property tax replacement credit, huge C Corporations who do not pay any income tax like regular citizens do receive thousands of dollars of that money as credits on their property tax liabilities. As an example, Monsanto received \$56,895.00 in 2015 and Donaldson received \$48,718.00. I paid into that income tax fund and I only received \$509.00 in property tax replacement credit. I think there is a major flaw in the whole design of local option income tax and because of the limited options County Councils have been given as to the distribution of the revenue collected through LOIT B, all of Jasper County is getting harmed with the exception of C Corporations or people who own property in Jasper County but do not claim residency here. They don’t live here, they don’t claim any residence and they are not paying Jasper County income tax yet they as well are getting property tax replacement credit. We’ve sent a letter in the past to State Senator Hershman, State Representative Doug Gutwein, State Senator Ed Charbonneau, and State Representative Sharon Negele. I would say let’s ask them to come join us next month so we can ask questions and get a personal explanation as to why LOIT B was designed with such a huge flaw or was it? It would certainly seem as though it was since Senator Hershman himself was the one who initiated the fix to disallow NIPSCO from getting any of that property tax replacement credit. If bills are getting passed with such poor research, I don’t have a lot of faith in some of those representatives. This would be a fantastic repair to the current design of LOIT B distribution and we could then keep it at 100% to all property taxpayers. Mr. Bontreger stated that there is that loophole and it needs to be worked on at being addressed but what do you think the economic impact would be if we didn’t have those corporations functioning in our County? Is it possible that the economic impact of having them here outweighs the bit of a perk that they are getting? Mr. DeVries responded that if you are saying that we should supplement these corporations with “corporate welfare” because they are doing this good thing, so are the small businesses. Why don’t we supplement them as well? They’re paying the tax. Gary Fritts asked Mr. DeVries if he was proposing that the property tax reduction credit not be offered to non-residents? Mr. DeVries replied, “if they are not paying any LOIT B income tax”.

Paul Norwine questioned that if you were to try to set up the current system under the rules we have (make it where that percentage is not going to the C Corps), the problem you run into is that farmland owners are grouped into that, correct? Mr. DeVries replied that it would eliminate farmland and rental properties. Mr. Norwine stated that unfortunately it doesn’t look like the State is going to change the process or the rules before we are going to vote obviously. We need to consider how the County in general and as a whole will be affected.

Gary Fritts stated that the LOIT has been continually presented as a bad deal for the residents of Jasper County. The 2007 Council has been vilified and words such as “outrageous” and “gouging” are used on a regular basis. I, however, would not hold to the same contention and have not heard the same verbiage from the citizens that I have spoken to. I would challenge my colleagues to do the same and not classify LOIT as good or bad but rather as an instrument that was put into place by seven hardworking elected members of our community. The LOIT has served its intended purpose of creating a revenue stream to be used towards public safety, economic development and lower property taxes. The Council of 2007 positioned us to have discussions of potentially lowering the LOIT and not left us to scramble to fill tax coffers emptied by tax caps, etc. We do have the issue which has been referred to as “corporate welfare” where the large corporations are not paying the LOIT but are receiving the benefits in property tax reduction credit.

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LOIT / DISCUSSION CON'T: I am in favor of and feel it is in the best interest of our county to fix this issue as long as it does not affect the credit that all other entities are receiving; however, the amount that they receive is such a small percentage compared to the amount they pump into our local economy. These businesses/industries are the lifeblood for so many in our county and a part of the economic base. Secondly, the LOIT, in essence, could be a very bad deal for the residents if we, as members of the governing body of the county finances, were mismanaging the funds. I would propose that we can always improve. Just as I can always do a better job of managing my own finances, I believe that we can always do a better job of managing the finances of the County. Now let me get to where I want to place the most emphasis with what I am sharing this evening. Here is the issue as I see it. If we were to place a bucket in the middle of the room and that bucket represented what it costs to operate this county, the question that is at hand is how are we going to fill that bucket? Is it going to come from income tax or property tax? We have heard so much about the income tax. I think it's important for those in this room to hear about the current state of our property taxes. I have spent many hours searching at the computer and talking with leaders and citizens of Jasper County. The majority of what I have been able to learn has come from IN.gov and is classified as county-specific information. At the forefront of the information is that countywide we saw a 10% increase in tax bills for 2014 payable 2015. That is five times what the state average was. This was largely due to a farmland increase of 20% but existing homesteads also saw an increase of 7.9%. Our levy growth of 7.3% outpaced our assessment growth of 4.3% which added up to a 2.6% increase in the tax rate to just under 1.2% up from just over 1.16% in 2014. This equates to an increase in tax rate of 2.6%. This occurred after we saw an increase of nearly 4% (3.8%) in 2014 nearly 4 times the state average of 1.0% increase in property tax bills in 2014. We are outpacing the state by an average of 450% over the last two years. Lastly, there has been a decrease in the PTRC over the last three years. The PTRC is the direct credit that property owners receive on their tax bill. So, if it is decreasing than property tax bills are increasing. In 2013, the PTRC rounded to the nearest tenth of a percent was 30.6%. The LOIT was lowered in 2013 so in 2014 we had a PTRC of 28.5%. In 2014, the LOIT held but still saw a decrease in the PTRC of 2.0% to 26.5%. This was largely due, I believe, to a decrease in income especially in the agriculture sector. The PTRC goes down and the property taxes go up. Lastly, I have run the numbers for 2015 taxes payable 2016 and here is what we have thus far. We have an assessed valuation decrease of just under \$3 million. We have a levy increase of right at 700,000 which means a higher tax rate of 1.22% of an increase of 2.6% factoring in the impending decrease in the PTRC due to us lowering the LOIT last year (2.1% decrease in 2014) and the likelihood that incomes will be down next year which will further lower the PTRC. I firmly believe we will see another increase of 4-5% in property tax bills this year. In closing, if the goal of this Council is to shift the burden back to property taxes than it is happening at a rate that outpaces the state averages across the board. The pendulum is swinging back to property taxes and my fear is that it is swinging too fast and we will not be able to stop it. I have not even discussed the Jail Special CAGIT which is set to conclude in a year or so. That will be a shift, not a reduction. Based on what I have shared this evening, I would like my fellow council members to consider holding the line on the LOIT rate for this upcoming year to let the dust settle on this very volatile period that the taxpayers of Jasper County are experiencing.

Steve Jordan stated that he does support that it's a more even spread than has been indicated by a lot of figures. If you own a property in Jasper County, you need to be paying in to help run the County. What's the fair share to go that direction? Everybody has a different opinion on that. If we make a change, it's not a tax reduction. It's a shift. I am definitely in support if we could ever fix that but looking at the laws that are in place and looking at what we do towards it, I support where we are at right now on things. I think it's a fair way to figure the taxes. It's as fair as we can come up with right now.

THANK YOU: Paul Norwine stated that he would like to thank our Technology Director, Bill Batley, and the Clerk, Vickie Bozell, and a young lady from Rensselaer, Megan Salrin. They packed up on Monday, brought the voting booth in, talked about elections, and answered any questions the students may have. The last time we had a voting booth in our building was 1980.

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**PUBLIC COMMENT:**

Hans Markland, Wheatfield resident, asked what the formula is for the gas tax distribution by the counties? How do they count vehicles? Mr. DeVries replied that he doesn't think it has anything to do with specific vehicles. It's based on how much gasoline is purchased. Mr. Bontreger stated that it's not an issue that the Council has dealt with specifically; however, I do know from talking to Jack Haberlin, Highway Superintendent, that the formula is very complex. Mr. Markland expressed concern with pickup trucks not being counted. Mr. Bontreger replied that if there is a wheel tax in place, it will count everything. Mr. DeVries asked Mr. Markland if the idea of a wheel tax was something that he would entertain? Mr. Markland asked if the money would stay here? Mr. Bontreger replied that supposedly all of the money would stay here.

Tom Postma, DeMotte resident, stated that he understands both positions in regards to the LOIT. I own ground in Porter County, Lake County and Jasper County. Jasper County taxes are affordable. Porter County went up 52% in the last four years. In response to a question from Mr. Fritts, Mr. Postma replied that he was referring strictly to property taxes. Every year we get a 14%-15% assessment raise. They can't go over the 3% but they just raise the assessment. What percentage of your money comes from the county option tax and what comes from property taxes? Is it 50/50? Mr. Bontreger stated that the vast majority comes from property taxes. Mr. Postma stated that his feeling is that you have to be very careful lowering this. Right now you've got everybody in the county that works and can afford it paying towards schools, libraries, police, etc. If you lower the LOIT, you are going to add that tax on senior citizens and their property taxes and people who can't afford it. Property taxes have nothing to do with your income. With the option tax, if you make money you pay money. It also makes people who rent homes pay something towards their children's education. Mr. Price pointed out that, if they are using all of their exemptions, there are some senior citizens who are not paying any property taxes.

Judy Rajkovic, concerned citizen, stated that she owns a business that happens to be on the Newton County side. I have college kids that come and help me out and they are the ones paying for those lower property taxes. These kids are in school and they are getting taxed 2.864%. We also own farmland and that farmland is taxed less than my ½ acre building lot that is unimproved. The farmland is 80 times larger than that building lot. Many farmers we know do not show a profit. This doesn't mean that they didn't make a profit.

Hans Markland asked if the people who work at NIPSCO pay the income tax? Several members of the County replied that only the Jasper County residents pay the income tax. A small percentage is paid by those who are not residents. Mr. Bontreger stated that if you look at all the population trend lines of all the counties around us, Jasper, Porter, and Tippecanoe counties are going up. Everybody else is trending downward. We can find facts and figures to make points either way and, you're right, we don't want it to be super high.

Robert Shank, Rensselaer resident, stated that he can look at what our income tax is on the tax form or by finding it on the internet so that I can compare our tax to other counties. Is there a place where I can see what the property taxes are in Jasper County? Mr. Fritts replied that he will show Mr. Shank where to find the information. Mr. Shank stated that we don't assess land here, right? The assessment is done by the State as I understand it. Mr. Jordan stated that the value of farmland is established by the State. Mr. DeVries stated that residential is done by the County Assessor. Mr. Shank replied that if a county is assessing homes, then looking at the tax rate doesn't give you the complete picture because different counties may be assessing them differently. Mr. Fritts stated that he thinks that they all follow the same guidelines when it comes to assessment. Mr. DeVries added that the actual rates differ by township.

Jody Yeakley, DeMotte resident, stated that he and his wife moved to the area from Lake County approximately one year ago. Concern was expressed in regards to teenagers who work paying into the income tax. What about the teenagers who don't know to pay the tax and they end up with a tax lien right out of high school? What other revenue options are there? Mr. Jordan replied that our two basic ways to raise money is the LOIT and the property tax. Mr. DeVries stated that the idea to raise your revenue from income makes good sense as long as it's not done too much. That's the issue I had. It was way too much and it needs to be backtracked a bit.

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There being no further business, Mr. Price made the motion to adjourn. Mr. Norwine seconded and the motion carried unanimously.

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Rein O. Bontreger, President

ATTEST:

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Kimberly K. Grow, Auditor of Jasper County